

Form ADV Part 2 Brochure –
Dated March 7, 2012

Woodley Farra Manion Portfolio Management, Inc.

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This Form ADV Part 2 (“Brochure”) provides information about the business practices and qualifications of Woodley Farra Manion Portfolio Management, Inc. (also known as ‘Woodley Farra’ or ‘WFM’). Additional information about Woodley Farra is also available on the United States Securities and Exchange Commission’s (“SEC”) website at www.adviserinfo.sec.gov.

If you have any questions about the contents of this Brochure, please contact us at (317) 269-0224.

Woodley Farra Manion Portfolio Management, Inc., CRD # 107660, is a registered Investment Advisor. However, please note that registration as an Investment Advisor does not imply any level of skill or training.

While the information in this Brochure has been filed with the United States Securities and Exchange Commission (“SEC”), this document has not been approved or verified by the SEC or by any other state securities authority.

ITEM 2 - Material Changes

This Brochure, dated March 7, 2012, contains no material changes from the firm's prior Brochure, with the exception of the firm's Assets Under Management as listed in the second paragraph of Item 4.

Woodley Farra Manion
Portfolio Management, Inc.

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ITEM 4 – Advisory Business

Founded in 1995, Woodley Farra Manion Portfolio Management, Inc. is an SEC registered Investment Advisory firm with the following principals and owners/officers: Donald F. Woodley, President, Chief Compliance Officer, and Principal; George S. Farra, Secretary and Principal; and Michael P. Manion, Vice President and Principal.

Woodley Farra provides both discretionary and non-discretionary investment management services for clients, which includes continual monitoring, reporting, and re-balancing, as described in more detail later in this Brochure. As of 12/31/2011, the firm managed a total of \$401,993,214 in Discretionary assets on behalf of 539 client accounts, and \$7,133,568 in Non-Discretionary assets on behalf of 5 client accounts.

The investment management services offered can be tailored to each client – as such, if any client requires any restrictions on any types of stocks or market segments, the client needs to inform Woodley Farra of the restrictions in writing. If, for any reason, the firm is not able to meet the client restrictions, the firm will notify the client of that fact so that the client can determine their requirements and needs.

Woodley Farra manages a small number of accounts for broker/dealer's wrap fee programs. Under these types of programs, WFM's fee for services is usually a portion of the wrap fee charged by the brokerage house. In rare instances, a broker/dealer may charge a "wrap fee" and expect WFM to charge its fee separately. In these cases, investors should be sure to evaluate the reasonableness of the combined fees.

ITEM 5 – Fees and Compensation

Woodley Farra charges a percentage of asset value in accordance with the following schedule:

<u>Asset Value</u>	<u>Fee %</u>
First \$500,000.00	1.25%
Next \$500,000.00	1.00%
Next \$2,000,000.00	0.75%
Next \$2,000,000.00	0.50%

Fees are due and payable in advance of the quarter in which services are rendered. The quarterly fee is based upon the portfolio balance as of the last trading day of the preceding quarter. If services are initiated at any time other than the beginning of a calendar quarter, fees will be pro-rated. Clients who began their relationship with WFM prior to 11/25/96 are generally billed in arrears.

The minimum annual fee is \$1,000.00

Payment of Investment Management fees may be paid directly by the client via check; or payment of fees may be made through a deduction directly from the client's investment account(s) by the qualified custodian holding the client's funds and securities. A client can request at any time, in writing, to change the method of fee deduction/billing for their account.

However, the following criteria must be met in accordance with the SEC's Investment Advisors Act of 1940, when payment is directly deducted by a qualified custodian: (1) The client provides written authorization permitting the fees to be paid directly from the client's account held by the independent custodian and the authorization is limited to withdrawing contractually agreed upon investment advisory fees; (2) Custodians do not verify advisory fees - therefore clients are encouraged to direct any questions or concerns

regarding fees to Woodley Farra by calling our office; (3) The frequency of fee withdrawal shall be specified in the written authorization/agreement; (4) The custodian of the account shall be advised in writing of the limitation on the Advisor's access to the account; (5) The custodian agrees to send to the client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of Advisory fees paid directly to Woodley Farra; (6) The client shall be able to terminate the written billing authorization or agreement at any time. Since the custodian does not verify the accuracy of the advisory fee calculation, the Client should verify each statement received by the custodian and contact WFM if any questions should arise.

Additional Fee Information and Disclosures:

All Advisory fees are negotiable between the firm and a client.

The only compensation Woodley Farra receives is its quarterly fee described above. Clients will have brokerage commissions charged by the brokerage firm where transactions are directed along with any other applicable transaction fees, service fees, or taxes. Additionally, if an account is held at a bank or trust company, that institution will charge fees ranging from custodial to full trustee fees. Also, mutual funds charge management and expense fees in addition to WFM's investment management fees, as outlined in each funds' prospectus. Both the bank fees and mutual fund fees can be substantial and should be scrutinized.

Termination of Services:

Where the client has not received Woodley Farra's Form ADV Part II Brochure at least 48 hours prior to engagement, the client may terminate the advisory contract without penalty and with no fees due within five (5) business days of signing the Agreement. Alternatively, advisory services are continuous in nature, but either party may terminate the investment advisory contract with thirty (30) days prior written notice to the other party's last known legal address. Any fees paid in advance will be pro-rated to thirty days after receipt of a cancellation notice. Excess fees paid will be refunded to the client.

ITEM 6 – Performance Based Fees and Side-By-Side Management

Woodley Farra does not charge any Side-By-Side Management fees or performance based fees of any kind.

ITEM 7 – Types of Clients

Woodley Farra generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations (and other business organizations such as LLC, LLP, etc.).

Woodley Farra generally requires a minimum initial account size of \$250,000, though this minimum may be waived at the discretion of WFM if additional substantial and/or regular additions to the account will be made.

ITEM 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

Investing in securities of any kind involves risk of loss that clients must be prepared to bear. Woodley Farra endeavors to alleviate as much risk of permanent loss as possible through diligent research and constant monitoring. But there can never be any guarantee that our clients won't suffer a permanent loss.

When providing our advisory services, Woodley Farra analyzes information provided by the client so as to identify and evaluate an investor's goals, risk tolerance and investment time horizon in an effort to determine an appropriate investment strategy. Therefore, the client's active participation in both the initial and on-going review and analysis process is critical. Any change in client background or financial information, including changes in family structure, marital status, income, work or retirement status, or other relevant information, must be immediately communicated to WFM by the client.

Investment strategies used to implement investment advice are generally long-term in nature. However, investment strategies may include short-term purchases depending upon the individual needs and objectives of the client and if a particular investment meets the objective in a short time frame.

Generally, the firm provides advice on the following types of securities: Stocks and Bonds. In some instances, the firm may utilize Treasuries or Municipal securities, bank CD's, and preferred securities.

Woodley Farra builds a portfolio of individual stocks consisting of 25-30 companies in several different industries that provides diversification and exposure to the growth of the world economy. Stocks are generally for companies with a market capitalization (value of outstanding shares) of at least one billion dollars at the time of original purchase. These companies are selected for their financial strength, larger size, prospect for growing sales and earnings, and because they appear undervalued given their strength and prospects. Stock paying dividends are also emphasized.

Our method of analysis is four pronged:

- Fundamental - Complete analysis of company's financial and competitive health
- Quantitative - Analyze company's stock valuation utilizing several proprietary formulas
- Technical - Identify trends in supply and demand for the stock under review
- Economic - Analyze economic trends and the potential effect on a company's valuation

For the fixed income portion of a client's portfolio, we use at least A rated bonds, FDIC insured bank CDs and preferred securities of financially solid companies. These securities are laddered so that there are maturities in most years to protect against rising interest rates, which is one of the main risks of holding A or better rated fixed income securities. Of course, there is also the chance that any entity could go bankrupt and not pay off their debt securities.

Stocks, even larger company, well researched stocks, fluctuate in price, sometimes substantially. One of the biggest risks for these types of stocks is

that fear grips the client or portfolio manager when the market and a portfolio of stocks or a single stock is down substantially and panic causes the sale at an inappropriate time such as when its price is at a temporarily very depressed price. In addition, history has shown that even large companies with seemingly strong financial underpinnings can suddenly go bankrupt.

Clients should be aware that sales of investments, including transactions that result to maintain the client's desired asset allocation, may result in taxable gain(s) or loss(es) to the client. Clients are encouraged to consult their personal tax Advisor about tax consequences as a result of transactions or any particular investment held in their account.

ITEM 9 – Disciplinary Information

Firms are required to report any legal or disciplinary events that are material to a client's evaluation of our advisory business and the integrity of our management. There are no legal or disciplinary events that are reportable under this Item for either Woodley Farra or any supervised person of Woodley Farra.

ITEM 10 – Other Financial Industry Activities and Affiliations

Woodley Farra's only business and source of income is fee only investment management. No products are sold, and no commissions or incentive payments of any kind are received. Neither the firm nor any individual associated with the firm is registered with any other Investment Advisor, Brokerage firm, or insurance agency or company.

ITEM 11 – Code of Ethics, Participation or Interest In Client Transactions, and Personal Trading

Code of Ethics:

Woodley Farra maintains a Code of Ethics that requires every aspect of its business to be conducted in a fair, lawful and professional manner. Clients and prospective clients may request a copy of the Code at any time by phone or in person at our office.

All Woodley Farra personnel are subject to the Code. The Code requires that employees comply with all applicable laws relating to the Firm's business, including anti-fraud provisions of federal securities law. As a fiduciary, firm's personnel are required to place the client's interests before those of the Firm, its employees or oneself. The Firm's employees are required to obtain pre-clearance for all securities transactions. All employees are required to report any violations of the Code that they know about or come to know about.

Participation or Interest in Client Transactions and Personal Trading:

In the course of managing their own funds, the principals and employees of Woodley Farra buy, sell or hold securities that Woodley Farra also recommends to or has purchased for clients. Such transactions are typically made simultaneously with client trades in a block transaction which means everybody gets the same price. In cases where different prices are received, principals and employees receive the highest price paid or the lowest price received.

Woodley Farra also requires that all advisory representatives and all other employees obtain prior written approval (initials on the trade ticket) of a disinterested principal for all personal securities transactions.

Woodley Farra does not conduct 'Principal' transactions, does not engage in Cross-Trades between advisory clients, and does not participate in Agency Cross Transactions of any kind.

ITEM 12 – Brokerage Practices

How We Select Brokers/Custodians:

We seek to use a custodian/broker who will hold our clients' assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- 1) Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- 2) Capability to execute, clear, and settle trades (buy and sell securities for your account)
- 3) Capability to facilitate transfers and payments to and from accounts
- 4) Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- 5) Availability of investment research and tools that assist us in making investment decisions
- 6) Quality of services
- 7) Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- 8) Reputation, financial strength, and stability
- 9) Prior service to us and our other clients

Soft Dollars:

Woodley Farra has not, and has no intention to ever, enter into any "soft dollar" arrangements. We do most of our trading and custody at Schwab, who has in recent years, added some investment research to their website. However, Woodley Farra is adamant about avoiding the research of others in order to be able to come to our own independent conclusions regarding the investment merits of companies we spend time researching.

Brokerage for Client Referrals:

While we have a referral relationships with Charles Schwab and Co., who very rarely sends clients our way (see detailed description below), we use Schwab as our primary custodian because:

- The client is not charged a custody fee
- Schwab is financially sound and well organized
- With a large number of accounts and assets there, they are very responsive to us
- They maintain an entire separate division of the company set up to provide service to investment advisers and our clients
- Commissions are competitive and execution is strong

Woodley Farra receives client referrals from Charles Schwab & Co., Inc. (“Schwab”) through Woodley Farra’s participation in Schwab Advisor Network[®] (“the Service”). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Woodley Farra. Schwab does not supervise Woodley Farra and has no responsibility for Woodley Farra’s management of clients’ portfolios or Woodley Farra’s other advice or services. Woodley Farra pays Schwab fees to receive client referrals through the Service. Woodley Farra’s participation in the Service may raise potential conflicts of interest described below.

Woodley Farra pays Schwab a Participation Fee on all referred clients’ accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Woodley Farra is a percentage of the fees the client owes to Woodley Farra or a percentage of the value of the assets in the client’s account, subject to a minimum Participation Fee. Woodley Farra pays Schwab the Participation Fee for so long as the referred client’s account remains in custody at Schwab. The Participation Fee is billed to Woodley Farra quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Woodley Farra and not by the client. Woodley Farra has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Woodley Farra charges clients with similar portfolios who were not referred through the Service.

Woodley Farra generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, Woodley Farra will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Woodley Farra's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Woodley Farra will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Woodley Farra's fees directly from the accounts.

For accounts of Woodley Farra's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Woodley Farra's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Woodley Farra may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Woodley Farra nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Woodley Farra's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Directed Brokerage:

1. We do not require clients to direct us to execute transactions through a specific broker-dealer.
2. Where clients direct Woodley Farra to place trades through their retail custodial broker, as distinguished from the institutional trading department, the clients will forego any benefit from savings on execution costs Woodley Farra might otherwise obtain for its non-directing clients. For those where the custodian is not a bank or who direct the use of a particular broker, Woodley Farra may be unable or limited in its ability to negotiate commissions or otherwise seek to obtain the best price or execution for the client's transactions.

Aggregating Orders:

Woodley Farra aggregates multiple contemporaneous client orders into blocks by executing broker whenever possible in order to negotiate volume commission discounts on batched orders; accounts participating receive the average price of any particular executions. However, for clients whose account is located at Schwab block trades do not result in any commission discount. Schwab allocates commissions to each account involved in the block trade per the pre-arranged commission schedule negotiated by Woodley Farra on behalf of all Advisor's Schwab clients.

ITEM 13 – Review of Accounts

Clients' accounts are reviewed on a continuous basis by the assigned Portfolio Manager. Then on an annual basis, all accounts are formally reviewed by the Portfolio Manager and one of three Principals of the firm. The review focuses on the clients unique circumstances, the appropriateness of the investments and deviations from the model portfolio.

The principals that conduct the reviews with the portfolio managers are:

Donald F. Woodley, CFA	Principal
George S. Farra, CFA	Principal
Michael P. Manion	Principal

Clients receive broker confirmations on all securities transactions if the client's account is housed at a brokerage firm. Additionally, most custodians provide monthly statements (some only provide a quarterly statement if there is no activity).

Woodley Farra does a quarterly report which includes:

- Written commentary on the market, the economy and relevant world events
- Performance and asset allocation review
- Asset listing with cost basis, current value, percent of total holdings for each asset, dividend yield or yield to maturity for each asset and liquid holdings (money market cash reserves)
- Purchase and sale report showing assets bought or sold during the quarter and their value
- A fee calculation showing the amount to be charged by WFM for the upcoming quarter

ITEM 14 – Client Referrals and Other Compensation

Woodley Farra has entered into written agreements with a number of CPA firms to pay them 20% of the annual fee WFM collects for the clients referred. The fee arrangement must be disclosed in writing to the client and acknowledged by the client via signature of a disclosure document, in accordance with SEC Rule 206(4)-3 of the Investment Advisers Act of 1940. Payment of this fee will not increase the amount paid by the client for Woodley Farra's investment management services above that paid by a non-referred client also on our standard fee schedule.

WFM also, rarely, receives referrals from Schwab for which we have an agreement to compensate them. For a complete description of the Schwab relationship, please see Item 12 of this Brochure.

ITEM 15 – Custody

Woodley Farra does not maintain Custody of client funds or securities. All funds are held by the Brokerage firm or Custodian firm. The Brokerage firm or Custodian firm sends monthly, quarterly, and/or annual statements directly to clients on a regular basis. These statements must be carefully and thoroughly reviewed by clients. WFM encourages all clients to carefully compare any reports provided by this firm to custodial or brokerage statements issued by the independent brokerage or custodial firms, and to report any discrepancies at once to WFM.

ITEM 16 – Investment Discretion

When someone decides to become a client, they sign our Investment Advisory Agreement. This agreement gives Woodley Farra “investment discretion” to manage the investments in a certain account or accounts on behalf of the client. The client retains authority to revoke this agreement without any fees being charged for five days immediately following signing and at any time with 30 days notice and investment fee due through the end of the 30 days. The discretion does not allow Woodley Farra to send money or assets out of the account to anyone other than the client to the address of record. The agreement does allow the custodian to pay, from the account, Woodley Farra its quarterly fee upon the presentation of a reasonable fee bill.

ITEM 17 – Voting Client Securities

Most clients have no interest in voting their proxies due to voluminous amount of reading involved to even know what the questions are, and then the research necessary to understand the impact of a yes or no response. Therefore, WFM accepts this responsibility for its clients’ holdings. To efficiently handle their duty, WFM has contracted with Broadridge, Inc’s

ProxyEdge to perform the research and to vote our clients' proxies in the best financial interest of shareholders. Clients can call our office during normal business hours to request information on how their proxies were voted. If a client knows of a particular proxy matter and would like to direct the vote on that issue, again they can just call us and we will inform ProxyEdge.

Clients may obtain a copy of our proxy voting policies and procedures upon request. Clients may opt out of WFM voting their proxies, in which case all proxy material will be sent to them directly from the custodian at their address of record.

ITEM 18 – Financial Information

Woodley Farra does not require prepayment of more than \$1,200 in fees per client six months or more in advance – as such, a Balance Sheet is not required and therefore not attached.

There is also no known financial condition that is reasonably likely to impair this firm's ability to meet contractual commitments to clients, and the firm has not been the subject of a bankruptcy proceeding.

ITEM 19 – State Registered Advisors

Woodley Farra is an SEC registered investment advisor. As such, this Item is not applicable.